



2800
U-54897
(U-024)

MAR 5 1998

CERTIFIED MAIL #P 443 674 953
RETURN RECEIPT REQUESTED

Mr. Lee Brown
Vice President
Magnesium Corporation of America (MAGCORP)
238 North 2200 West
Salt Lake City, Utah 84116

Dear Mr. Brown:

On June 3, 1987, the Bureau of Land Management, Salt Lake District Office, issued right-of-way grant No. U-54897 to AMAX Magnesium Corporation, the predecessor to Magnesium Corporation of America (Magcorp), for evaporation ponds, haul roads, water wells, and pipelines. This development was known, at the time, as the Knolls Evaporation Pond Project. The purpose of the right-of-way was to allow the right-of-way holder to move brine water pumped from the Great Salt Lake, by the Great Salt Lake Pumping Project from what was known as the West Pond west of the Newfoundland Mountains, into a series of evaporation ponds near Knolls. This project was instituted to allow Amax to continue operation after their main pond network was flooded in 1986 by the rising Great Salt Lake.

Due to falling lake levels, the State of Utah ceased the pumping of lake water into the West Pond in June 1989. In October 1991, as part of Magcorp's appeal of the rental amount for the right-of-way, you stated that the West Pond had receded to a point that it was no longer feasible or economic to bring brines into your Knolls operation. In 1993, this office amended the right-of-way to reduce the rental based on the assertion that most of the operation was no longer in use.

Recent observations of the operation and conversations with employees working at the Knolls facility have made it obvious that your company continues to pump brines into the evaporation system from the canal that was previously used to bring brine from the West Pond. Since no lake water has existed in the West Pond since 1991 and normal precipitation would not be sufficient to sustain your operations, the water being pumped is apparently naturally occurring shallow ground water that the canal has intercepted. Therefore, it appears that your operation should be

000275

considered a mining operation under the regulations of 43 CFR 3500 rather than a right-of-way under the 2800 regulations.

As a result, you are hereby notified that the Bureau of Land Management intends to terminate your right-of-way, U-54897, for use of public lands for a purpose not authorized under the regulations in 43 CFR 2800. Under the regulations in 43 CFR 2803.4(d) you are hereby given a period of 30 days from the receipt of this notice to show cause why this right-of-way should not be terminated. Failure to respond will result in immediate termination of the right-of-way and a requirement to rehabilitate the lands.

Your response should be directed to the District Manager, Salt Lake District, at the above address. Any questions or requests for further information should be directed to Mike Nelson at (801)977-4355.

Sincerely,

GLENN A. CARPENTER

Glenn A. Carpenter
District Manager

cc: Mr. D. Wayne Hedberg
Utah Division of Oil Gas & Mining
P.O.Box 145801
Salt Lake City , Ut 84114-5801

Mr. Art Default
Director, Utah Division of Sovereign Lands
1594 W. North Temple
Salt Lake City, Ut 84114

Mr. David Terry
Director, Utah Trust Lands Administration
675 E. 500 S., Suite 500
Salt Lake City, Utah 84102-2818

Mr. Eric Overby
U.S. Department of Justice
185 S. State St., STE. 400
Salt Lake City, Utah 84111

000276